

Message Text

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11

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TO AMEMBASSY MANILA

INFO CINCPAC HONOLULU HI

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CINCPAC FOR POLAD

E.O. 11652:N/A

TAGS: EGEN, US, RP

SUBJEC AMERICAN CHAMBER CONCERNS OVER POST LAUREL-LANGLEY

CINCPAC FOR POLAD

1. GEORGE PEABODY INFORMED DEPARTMENT JANUARY 17 RE ANNUAL MEETING OF PHILIPPINE-AMERICAN CHAMBER OF COMMERCE IN NEW YORK PREVIOUS DAY, WHICH HE INDICATED MARKED BY AGITATION AND DISMAY. HE SAID THAT REPORTS OF RICHARD HENRY'S DISCUSSIONS IN WASHINGTON AND TRISTAN BEPLAT'S IN MANILA LED TO CONCLUSION THERE NO REAL PROSPECT OF AGREEMENT BY TIME LAUREL-LANGLEY EXPIRES, AND ALLEGED IMPRESSION WIDESPREAD THAT U.S. GOVERNMENT HAD LOST INTEREST IN PROBLEM FOR THE TIME BEING. BEPLAT'S ADVICE HAD BEEN THAT U.S. COMPANIES SHOULD START MOVING, CERTAINLY NO LATER THAN APRIL 1, TO IMPLEMENT PLANS FOR DIVESTING LAND, EXCEPT PERHAPS FOR

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RESIDENTIAL HOLDINGS. PEABODY PREDICTED DEPARTMENT AND

EMBASSY WOULD BE RECEIVING PRESSURE IN NEAR FUTURE FOR MOVES TO EXTEND LAUREL-LANGLEY ON INTERIM BASIS.

2. DEPTOFF SAID THAT CHARGES OF DISINTEREST BY USG UNFOUNDED, BUT AGREED THAT CONTINUED UNCERTAINTY INVOLVING TRADE BILL AND FUTURE OF SUGAR LEGISLATION, TOGETHER WITH DELAYS ALREADY ENCOUNTERED IN RECEIVING PHILIPPINE RESPONSE, AND GOP OFFICIAL REMARKS THAT NO AGREEMENT FEASIBLE UNTIL U.S. TRADE BILL PASSED HAD CREATED SITUATION WHERE LAPSE OF AGREEMENT WITHOUT SUCCESSOR HAD TO BE REGARDED AS REALISTIC

POSSIBILITY. OBSERVED, HOWEVER, THAT U.S. HAS SATISFACTORY ECONOMIC RELATIONS WITH NUMEROUS COUNTRIES WITHOUT TREATY, AND WHILE AGREEMENTS USEFUL IN FACILITATING GOOD RELATIONS U.S. HAD NEVER ASSUMED THAT ONE WAS ABSOLUTE PREREQUISITE FOR SATISFACTORY ECONOMIC RELATIONS WITH PHILIPPINES. POINTED OUT ALSO THAT BEST GUARANTEE FOR U.S. BUSINESS IN PHILIPPINES IS GOP INTEREST IN RETAINING AND ATTRACTING FOREIGN INVESTMENT, RECENTLY REAFFIRMED BY MARCOS IN JANUARY 4 SPEECH, AND DEPTOFF SAW NO REASON TO EXPECT DRASTIC ACTION BY GOP IF AGREEMENT LAPSES. NOTED ALSO U.S. HAD NOT PREVIOUSLY FELT EFFORTS TO EXTEND LAUREL-LANGLEY WOULD BE DESIRABLE.

3. NOT NOTABLY APPEASED, PEABODY REITERATED WIDESPREAD CONCLUSION THAT U.S. HAD PHILIPPINE ECONOMIC NEGOTIATIONS ON BACK BURNER AND RAISED SPECIFIC QUESTIONS RE LEGAL STATUS, AFTER LAUREL-LANGLEY, OF (A) PHILIPPINE-U.S. TARIFFS AND (B) TREATY TRADER VISAS. REGARDING TARIFFS PEABODY HAD BEEN TOLD MFN AUTOMATIC AFTER LAUREL-LANGLEY, BUT WANTED TO KNOW LEGAL BASIS. DEPTOFF PROMISED EARLY RESPONSE TO THESE QUESTIONS. (PEABODY FURTHER ASKED ABOUT U.S. PLANS FOR POSSIBLE SYNTHETIC TEXTILE AGREEMENT, REGARDING WHICH DEPTOFF ALSO AGREED TO INQUIRE.)

4. APPRECIATE ANY COMMENTS EMBASSY MAY HAVE REGARDING LEGAL OR OTHER PROBLEMS EXPECTED TO ARISE WITH LAPSE OF TREATY, WITH PARTICULAR REFERENCE TO PROBABLE PHILIPPINE GOVERNMENT HANDLING OF QUESTIONS SUCH AS THOSE PEABODY RAISED.

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5. DEPTOFF SUBSEQUENTLY CALLED PEABODY TO ADVISE HIM OF LEGAL BASIS FOR PROVIDING MFN TO COUNTRIES WHERE IT NOT OTHERWISE PRECLUDED, AND TO RECALL THAT EXCHANGE OF NOTES WITH GOP SEPTEMBER 1955, WHICH PROVIDES TREATY TRADER AND INVESTOR STATUS, DOES NOT EXPIRE WITH LAUREL-LANGLEY. DEPARTMENT AND COMMERCE PLAN CONTINUED CONTACT WITH CHAMBER AND OTHER BUSINESS REPS.

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Message Attributes

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